



Anthony M. Alessi
Director
Federal Relations

October 23, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: FCC Data Request Concerning Notice of Proposed
Rulemaking, End User Common Line Charges,
CC Docket No. 95-72,
FCC 95-212 (Released May 30, 1995)

Dear Mr. Caton:

Enclosed is the original and one copy of Ameritech's response to the September 29, 1995 letter from Kathleen Wallman, Chief, Common Carrier Bureau, requesting further information and cost data in connection with the above referenced proceeding. A copy of this data will be provided on diskette to the Policy and Program Planning Division on October 24, 1995. With this submission, Ameritech withdraws its request of October 18, 1995 for an extension of time until October 31, 1995 to respond.

Sincerely,

A handwritten signature in black ink, reading "Anthony M. Alessi". The signature is written in a cursive, flowing style.

Attachment

cc: Kathleen Wallman, Chief, Common Carrier Bureau
James Schlichting, Chief, Policy and Program Planning Division

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ADDITIONAL NON-TRAFFIC SENSITIVE COST DATA CC DOCKET 95-72

Ameritech non-traffic sensitive cost data is provided for the state of Indiana. There is little significant variation between study area average cost within the Ameritech region. The jurisdictional separations process does not provide the service specific information which was requested. Therefore, NTS investment and annual expense were obtained from direct cost studies performed in Indiana for each of the four basic types of loop and line termination: Basic Analog (POTS including Centrex), ISDN Basic Rate Interface, Digital PBX Trunks, and ISDN Primary Rate Interface. These studies determine the incremental direct investment and expense for each loop type based on current loop design. The components used to develop the costs are shown in Exhibit 1, together with the USOA account number and separations category, number of voice grade channels, and type of interface. None of these services require Ameritech provided equipment on the customer's premises.

Exhibit 2 displays the requested cost information for each service. For each major cost component, the total direct gross investment, annual depreciation expense and total annual expense were calculated by multiplying the total 1994 demand for the service by the direct unit costs. Net investment was estimated by multiplying the gross investment by the average ratio of net investment to gross investment for each account. Interstate Part 36 and Part 69 allocations of the direct investment and expenses were developed by multiplying the total company cost by the average allocation factor used for each account in the 1994 separations process (25% for loop outside plant and central office circuit equipment, and 13.7% for central office switching equipment). Because these total cost calculations are based on direct costs rather than book costs used by the separations process, they will not add to the total booked loop investment for Indiana. However, the data provided represents an accurate split of total costs between the four service types.

The monthly Interstate Common Line cost per loop was calculated by allocating the total Interstate Base Factor Portion revenue requirement between the four loop types based on the total annual direct expense developed above for Common Line, then dividing by the number of loops. The monthly Local Switching component was calculated using the same relative factor to convert the annual direct expense per line to an interstate revenue requirement basis. It is important to note that the NTS Local Switching component is not included in the End User Common Line Charge, and should not be considered in an analysis of the appropriate level of the EUCL for ISDN services.

While Ameritech did not support use of service specific EUCL charges in its comments in this docket, or the use of costs to establish differences in such charges, a comparison of the monthly Interstate Common Line costs for each of the services demonstrates that there are only very small differences between basic loops and ISDN BRI loops. This similarity is what should be expected since both services use the same basic two-wire loop. Digital PBX trunks and

ISDN PRI loops also have the same cost since both require a four-wire digital loop capable of higher bit rate transmission. Because the demand for these two higher capacity services is extremely limited, the costs also will be higher until the demand increases sufficiently to use standard provisioning procedures. Additional differences in the costs of both loops and central office line terminations are discussed below.

Differences In Costs

ISDN BRI loops are more expensive than basic analog loops because where digital subscriber line carrier is employed, BRI requires multiple channels to support a single line while basic loops require only a single channel.

ISDN BRI C.O. equipment is more expensive than analog single line equipment because it provides additional functionality. ISDN is a service, not merely a facility. The additional C.O. equipment, working with CPE, enables the same loop that can carry a single analog voice channel to carry two voice grade channels in digital format. These additional costs are recovered through the exchange tariff charges for ISDN.

ISDN PRI C.O. equipment is more expensive than Digital Trunk equipment because it provides additional functionality such as call by call selection and reallocation of channels. ISDN is a service, not merely a facility. These additional costs are recovered through the exchange tariff charges for ISDN PRI and for the added functionality.

ISDN PRI C.O. equipment is more expensive than ISDN BRI because it terminates up to 23 channels with more functionality than BRI. Also, ISDN PRI uses trunk termination cards (i.e., it is provided from the trunk side of the switch) which must perform both line and trunk functions. ISDN BRI uses line termination cards (i.e., it is provided from the line side of the switch.)

Digital Trunk equipment is more expensive than basic analog line termination equipment because it provides a trunk side termination rather than a line side termination.

NON-TRAFFIC SENSITIVE COST COMPONENTS

Exhibit 1

	USOA Account No.	Separations Category	Basic Analog	ISDN BRI	Digital Trunk	ISDN PRI
OUTSIDE PLANT	2410	C&W-Cat. 1	Feeder cable Distribution cable Supporting structure Huts & cabinets Drop Building cable Sub. network interface	Feeder cable Distribution cable Supporting structure Huts & cabinets Drop Building cable Sub. network interface	Feeder cable Distribution cable Supporting structure Huts & cabinets Drop Building cable Sub. network interface	Feeder cable Distribution cable Supporting structure Huts & cabinets Drop Building cable Sub. network interface
C.O. EQUIPMENT	2212	C.O.E. Cat. 3	Line termination Main dist. frame Protector	Line termination - BRI Main dist. frame Protector	Trunk termination DSX panel Circuit equip (357C) Main dist. frame Protector	Line termination - PRI DSX panel Circuit equip (357C) Protector
Customer Interface			Analog 2 wire	Digital 2 wire	Digital 4 wire	Digital 4 wire
Voice Channels (maximum)			1	2	24	23

Exhibit 2**NON-TRAFFIC SENSITIVE COSTS****Basic Analog**

Estimated Total Direct Cost	Gross Investment	Net Investment	Annual Depreciation Expense	Total Annual Expense
Outside Plant				
Total Company	\$988,775,641	\$494,042,738	\$79,462,300	\$215,704,565
Interstate	\$247,193,910	\$123,510,684	\$19,865,575	\$53,926,141
Common Line	\$247,193,910	\$123,510,684	\$19,865,575	\$53,926,141
Local Switching	\$0	\$0	\$0	\$0
C.O. Equipment				
Total Company	\$105,554,399	\$50,836,582	\$9,432,442	\$25,795,597
Interstate	\$14,460,953	\$6,964,612	\$1,292,245	\$3,533,997
Common Line	\$0	\$0	\$0	\$0
Local Switching	\$14,460,953	\$6,964,612	\$1,292,245	\$3,533,997
Estimated Monthly Interstate				
NTS Cost per Loop				
Common Line	5.51			
Local Switching	0.36			

NON-TRAFFIC SENSITIVE COSTS**ISDN BRI**

Estimated Total Direct Cost	Gross Investment	Net Investment	Annual Depreciation Expense	Total Annual Expense
Outside Plant				
Total Company	\$477,383	\$238,525	\$40,819	\$103,285
Interstate	\$119,346	\$59,631	\$10,205	\$25,821
Common Line	\$119,346	\$59,631	\$10,205	\$25,821
Local Switching	\$0	\$0	\$0	\$0
C.O. Equipment				
Total Company	\$310,370	\$149,479	\$29,440	\$84,680
Interstate	\$42,521	\$20,479	\$4,033	\$11,517
Common Line	\$0	\$0	\$0	\$0
Local Switching	\$42,521	\$20,479	\$4,033	\$11,517
Estimated Monthly Interstate NTS Cost per Loop				
Common Line	5.89			
Local Switching	2.63			

NON-TRAFFIC SENSITIVE COSTS

Digital Trunk

Estimated Total Direct Cost	Gross Investment	Net Investment	Annual Depreciation Expense	Total Annual Expense
Outside Plant				
Total Company	\$7,273	\$3,634	\$339	\$1,371
Interstate	\$1,818	\$909	\$85	\$343
Common Line	\$1,818	\$909	\$85	\$343
Local Switching	\$0	\$0	\$0	\$0
C.O. Equipment				
Total Company	\$45,977	\$17,121	\$7,287	\$12,351
Interstate	\$11,271	\$4,173	\$1,800	\$3,031
Common Line	\$10,999	\$4,042	\$1,775	\$2,962
Local Switching	\$271	\$131	\$26	\$69
Estimated Monthly Interstate NTS Cost per Loop				
Common Line	31.27			
Local Switching	0.65			

NON-TRAFFIC SENSITIVE COSTS

ISDN Prime

Estimated Total Direct Cost

**Gross
Investment**

**Net
Investment**

**Annual Depre-
ciation Expense**

**Total Annual
Expense**

Outside Plant

Total Company

\$13,456

\$6,723

\$627

\$2,537

Interstate

\$3,364

\$1,681

\$157

\$634

Common Line

\$3,364

\$1,681

\$157

\$634

Local Switching

\$0

\$0

\$0

\$0

C.O. Equipment

Total Company

\$198,702

\$86,407

\$24,415

\$51,866

Interstate

\$36,420

\$15,218

\$4,829

\$9,582

Common Line

\$20,349

\$7,478

\$3,283

\$5,480

Local Switching

\$16,071

\$7,740

\$1,546

\$4,103

Estimated Monthly Interstate

NTS Cost per Loop

Common Line

31.27

Local Switching

20.98